

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 98-577

July 15, 1999

MAINE PUBLIC UTILITIES COMMISSION
Investigation of Stranded Costs,
Transmission and Distribution Utility
Revenue Requirement and Rate Design
of Maine Public Utilities Commission

ORDER GRANTING
PARTIAL SUMMARY
JUDGMENT TO MPS

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

We grant Maine Public Service Company's (MPS) Motion for Partial Summary Judgment finding that MPS's conversion to monthly meter reading and billing is consistent with its obligation to provide safe, reasonable and adequate service at just and reasonable rates.

II. BACKGROUND

On April 26, 1999, Maine Public Service Company filed a "Request for an Advisory Ruling" concerning its proposed change from bimonthly to monthly meter reading for its residential class. The Hearing Examiner issued an order on May 18 directing that the request be treated as a Motion for Partial Summary Judgment on the question of whether the Company's conversion to monthly metering was consistent with its obligation to provide safe, reasonable and adequate service at just and reasonable rates. For purposes of the Motion for Partial Summary Judgment, the parties and the Commission assume the incremental costs of converting to monthly meter reading are as stated by MPS. The Commission agrees with the parties that the granting of MPS's Motion for Partial Summary Judgment precludes the Commission from finding that the Company's costs (as described) to convert to monthly metering were imprudent or unreasonable and therefore not properly recoverable from ratepayers.

III. DISCUSSION

The Company's additional costs of converting to monthly meter readings are described in the testimony of witness Kurt Tornquist. Through data responses and answers at the technical conference, MPS has described the reasons for converting to monthly meter reading.¹ Monthly metering and billing is warranted in MPS's view because bimonthly metering and billing may inhibit the development of a competitive generation market. Maine Public is concerned that competitive providers will be reluctant to service bimonthly customers because bimonthly billing (1) depresses cash

¹ Presently about 23,000 of the residential class have meters read and bills rendered on a bimonthly basis.

flow, (2) complicates the settlement process, and (3) is different from the billing period in other locations. Because of northern Maine's indirect electrical connection with the rest of the United States grid, there is already some concern about the eagerness of electricity providers to service customers within Aroostook and parts of Washington and Penobscot Counties. MPS believes that it is prudent to remove the bimonthly billing and metering distinction to assure that electric supply competition comes to northern Maine.

The OPA responded to MPS's Motion at the June 8 technical conference and in a separate filing on June 18. From these comments, it appears that the OPA does not disagree with the cost estimates by Mr. Tornquist for the conversion to monthly billing. Moreover, the OPA seems to agree that conversion to monthly billing should occur. Rather, the OPA argues that a portion of the costs of conversion should be recovered from participating competitive electricity providers and not built into T&D rates.

The OPA's position is that Chapter 322, § 3(F) requires that certain costs of the conversion be charged to competitive providers. This provision requires utilities to charge competitive providers the incremental costs of providing consolidated utility billing. Because the conversion to monthly billing and meter reading is proposed to enhance the competitive electricity market, the OPA argues that the costs of the conversion related to billing as opposed to meter reading (\$74,907 out of a total cost of \$209,078) should be recovered from competitive providers as incremental consolidated billing costs.

On June 21, 1999, MPS filed a response to the OPA comments, stating that the costs identified by the OPA are not "incremental" within the meaning of Chapter 322, § 3(F). According to MPS, "incremental" is intended to mean extra costs that a utility incurs to provide consolidated billing - i.e., a single bill containing a statement of charges for both the competitive provider and the T&D utility. The costs at issue are incurred entirely to change how frequently MPS issues its bills, consolidated or otherwise. MPS adds that the costs of monthly billing are already built into the rates of the other T&D utilities (and will remain so after March, 2000), and that acceptance of the OPA's position would substantially increase MPS's charge for consolidated billing above those of the other utilities, possibly inhibiting development of a retail market in northern Maine.

IV. DECISION

We agree with MPS's conclusion concerning the conversion to monthly metering and billing. If in fact the electric supply market becomes truly competitive, profit margins are expected to be thin. Cash flow will become significant to many providers. In addition, the settlement process will be complicated enough even with monthly meter reads. It is prudent to avoid making settlements more difficult. We concur, then, with MPS that the prudent course of action is for MPS to convert to monthly metering and billing.

We reject the OPA's view that a portion of conversion costs should be charged to competitive providers rather than built into T&D rates. We agree with MPS that under Chapter 322 § 3(F), T&D utilities are to charge competitive providers for the incremental costs of calculating, providing, and issuing a consolidated bill, which does not include the independent costs of increasing the frequency of bill issuance. In our view, the costs of conversion to monthly billing and meter reading are costs necessary to promote a competitive retail market (similar to the costs of load profiling and settlements), rather than to benefit individual competitive providers.² As such, it is appropriate for the general body of ratepayers to pay for the costs through their T&D rates. Moreover, the direct assignment of such costs to providers would be another complication that would make the northern Maine market different from the rest of New England.

Accordingly, Maine Public's Motion for Partial Summary Judgment is granted.

Dated at Augusta, Maine, this 15th day of July, 1999.

BY ORDER OF THE COMMISSION

Raymond Robichaud
Assistant Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Diamond

² In its comments, the OPA refers to charging "competitive providers." However, pursuant to a change to Chapter 301 recently adopted by the Legislature, Resolves 1999, ch. 37, standard offer providers will be charged the same fee for consolidated billing as other competitive providers.

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of adjudicatory proceedings are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 6(N) of the Commission's Rules of Practice and Procedure (65-407 C.M.R.11) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which consideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320 (1)-(4) and the Maine Rules of Civil Procedure, Rule 73 et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320 (5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.